

Message Text

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TO SECSTATE WASHDC 9282

INFO AMEMBASSY MADRID

AMCONSUL LOURENCO MARQUES

AMCONSUL LUANDA

USCINCEUR

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

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TAGS: EGEN PGOV PO

SUBJ: CHANGES IN ECONOMIC MINISTRIES

SUMMARY: GOP HAS EXTENSIVELY REORGANIZED CABINET
STRUCTURE IN FIELDS OF FINANCE AND ECONOMY AND
MADE CHANGES IN PLANNING APPARATUS. MOTIVATION
FOR CHANGE IS ALMOST CERTAINLY GREATER ORGANIZATIONAL
EFFICIENCY, BUT PRIME MINISTER CAETANO, CAUGHT UP
IN A GOVERNMENTAL CRISIS, MAY HAVE TIMED ANNOUNCEMENT
TO DEMONSTRATE CONTINUED EFFECTIVENESS OF HIS LEADERSHIP.
END SUMMARY.

1. FINANCE AND ECONOMY, COMBINED SINCE MARCH 1969
UNDER ONE MINISTER, HAS BEEN SPLIT INTO THREE MINISTRIES:
A. FINANCE--RENAMED "FINANCE AND ECONOMIC COORDINATION",
B. INDUSTRY AND ENERGY, AND
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C. AGRICULTURE AND COMMERCE.

MINISTRIES B AND C REPLACE MINISTRY OF ECONOMY, WHICH HAS BEEN ABOLISHED.

2. ONE OF THE FIVE SECRETARIATS OF STATE THAT EXISTED UNDER OLD MINISTRY OF FINANCE AND ECONOMY HAS BEEN ELIMINATED (INDUSTRY) AND A NEW ONE, PLANNING, HAS BEEN CREATED. THESE SECRETARIATS ARE NOW DISTRIBUTED AS FOLLOWS: TREASURY, BUDGET, AND PLANNING COME UNDER THE MINISTER OF FINANCE AND ECONOMIC COORDINATION; AGRICULTURE AND COMMERCE COME UNDER THE MINISTER OF AGRICULTURE AND COMMERCE. THE NEW MINISTRY OF INDUSTRY AND ENERGY HAS NO SUBORDINATE SECRETARIATS BUT AS PART OF THE REORGANIZATION HAS ABSORBED THE HERETOFORE AUTONOMOUS NUCLEAR ENERGY BOARD.

3. HERMES DOS SANTOS, WHOSE JOB AS SECRETARY OF STATE FOR INDUSTRY HAS BEEN ABOLISHED, IS THE ONLY APPARENT CASUALTY OF REORGANIZATION. IT ALSO NOT CLEAR WHETHER OR NOT RIGHTIST CAETANO OPPONENT, GENERAL KAULZA DE ARIAGA, WHO HEADS THE NUCLEAR ENERGY BOARD BEING ABSORBED BY INDUSTRY AND ENERGY MINISTRY, WILL BE RETAINED, AND, IF SO, WHETHER HIS STATURE DIMINISHED OR WHETHER HIS RESPONSIBILITIES TO BE WIDENED. OUTGOING MINISTER OF FINANCE AND ECONOMY, MANUEL COTTA DIAS, ENDS UP WITH DIMINISHED STATUS, HAVING LOST ONE OF HIS MINISTRIES (ECONOMY), BUT THE MINISTRY HE RETAINS FINANCE, APPEARS TO HAVE A MORE ELEVATED ROLE THAN THE TWO NEW MINISTRIES BECAUSE OF THE COORDINATING FUNCTION INCLUDED IN ITS MANDATE. NEW MINISTER OF AGRICULTURE AND COMMERCE IS JOAO MOTA CAMPOS, A FORMER SECRETARY OF STATE FOR AGRICULTURE, WHO MOVES OVER FROM HIS POSITION AS DEPUTY MINISTER OF STATE FOR PLANNING. DANIEL VIEIRA BARBOSA, GOVERNOR OF THE NATIONAL DEVELOPMENT BANK, HAS BEEN NAMED AS NEW MINISTER OF INDUSTRY AND COMMERCE. ALL SECRETARIES OF STATE, EXCEPT DOS SANTOS, REMAIN IN PLACE, AND NO ONE HAS YET BEEN DESIGNATED AS PLANNING SECRETARY.

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4. EFFECT OF CHANGE ON PLANNING APPARATUS IS NOT YET CLEAR. ANNOUNCEMENT GIVING DETAILS OF REORGANIZATION OF FINANCE AND ECONOMY ALSO REPORTED THAT MARIO DE OLIVEIRA, GOVERNOR OF BANCO DE ANGOLA, HAD BEEN APPOINTED AS A DEPUTY MINISTER OF STATE. FACT THAT MOTA CAMPOS IS VACATING A DEPUTY MINISTER OF STATE POSITION HAS LED MANY, INCLUDING NEWSPAPER EPOCA, TO CONCLUDE THAT OLIVEIRA IS TAKING OVER MOTA CAMPOS'

PLANNING RESPONSIBILITY. A FINANCE OFFICIAL, HOWEVER, HAS INFORMED US HE UNDERSTANDS OLIVEIRA HAS BEEN APPOINTED NOT TO MOTA CAMPOS' JOB BUT TO OTHER OF TWO DEPUTY MINISTER OF STATE POSITIONS, HERETOFORE VACANT, WHICH SUPERINTENDS ORGANISMS DIRECTLY UNDER PRIME MINISTER'S OFFICE; E.G., INFORMATION AND TOURISM, FOREIGN ECONOMIC COOPERATION COMMISSION, AND NATIONAL STATISTICS OFFICE. FINANCE OFFICIAL ALSO BELIEVES THAT MOTA CAMPOS' PLANNING ACTIVITIES WILL HENCEFORTH RESIDE IN NEWLY CREATED SECRETARIAT OF STATE FOR PLANNING.

5. COMMENT: (A) WE BELIEVE RESTRUCTURING MOTIVATED BY GOP DESIRE FOR MORE EFFECTIVE ADMINISTRATIVE MACHINERY TO MEET SUCH MAJOR CHALLENGES AS THOSE GENERATED BY INFLATION, DEVELOPMENT NEEDS, AND ECONOMIC INTEGRATION IN EUROPE. MOVE OF THIS KIND HAS BEEN EXPECTED EVER SINCE LAST NOVEMBER WHEN GOVERNMENT'S BIGGEST MINISTRY (IN TERMS OF ACTIVITIES COVERED) EMERGED UNSCATHED FROM A MAJOR CABINET SHUFFLE DESPITE WIDESPREAD CRITICISM OF ITS INEFFICIENCY. PAUCITY OF PERSONNEL CHANGES TENDS TO CONFIRM JUDGEMENT THAT REORGANIZATION BEING MADE FOR TECHNICAL RATHER THAN POLITICAL REASONS. ONLY NEW FACE IN ECONOMIC MINISTRIES IS VIEIRA BARBOSA, WHO KNOWN AS TECHNICIAN AS WELL AS POLITICIAN. DISAPPEARANCE OF DOS SANTOS FROM JUNIOR CABINET IF IT OCCURS (RUMOR HAS IT HE MAY BE APPOINTED SECRETARY OF STATE FOR PLANNING) WOULD ALSO SEEM TO HAVE LITTLE POLITICAL SIGNIFICANCE. ALMOST FROM DAY HE ASSUMED OFFICE, HE WAS REPORTED TO BE A WEAK SISTER AND RUMORS PROLIFERATED THAT HE WOULD SOON BE SENT PACKING. (B) WHILE RESTRUCTURING SEEMS TO BE RESPONSE TO LIMITED OFFICIAL USE

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TECHNICAL NEEDS, TIMING OF ANNOUNCEMENT OF CHANGES HAS POLITICAL OVERTONES. IN CONTEXT OF PRESENT GOVERNMENT CRISIS, ANNOUNCEMENT SERVES TO DEMONSTRATE CAETANO'S DOMINANCE WITHIN GOVERNMENT AND HIS CONTINUED ABILITY TO LEAD THE NATION IN MEETING ECONOMIC PROBLEMS. SWEARING IN CEREMONY WILL PROVIDE PRIME MINISTER WITH PUBLICITY UNDERSCORING HIS AUTHORITY. SCOTT

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